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OF COUNSEL
WILLIAM G. CONLY

January 15, 2003

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Hill Sand, Ada Field, Webster Parish, Louisiana.

Dear Sir:

NELSON ENERGY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the Hill Sand in the Ada Field, Webster Parish, Louisiana:

1. To authorize Applicant to complete, designate and utilize its Bailey No. 1 Well as the substitute unit well for HILL SUT, said well being located as shown on the attached plat, in exception to the well location provisions of Office of Conservation Order No. 99-G, effective December 8, 1950.
2. To find that the proposed substitute unit well is necessary to efficiently and economically drain a portion of the hydrocarbons in the Hill Sand underlying HILL SUT which cannot be efficiently and economically drained by any existing well within such unit.
3. To designate Applicant as Operator of HILL SUT.
4. To discuss such other matters as may be pertinent.

The Hill Sand in the Ada Field, Webster Parish, Louisiana, was defined in Office of Conservation Order No. 99-G, effective December 8, 1950, as corrected by Correction to Office of Conservation Order No. 99-G, effective December 8, 1950.

Pertinent data concerning this application is available for inspection at the offices of Nelson Energy, Inc., 401 Edwards Street, Suite 1500, Shreveport, Louisiana 71101-3140. Any person wishing to inspect such data should call Danny Moreland at (318) 226-0700 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent

Honorable James H. Welsh
January 15, 2003
Page 2

data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter, and of the attached plat, is being sent to the District Manager of the Shreveport District of the Office of Conservation and to the Interested Owners, Represented Parties and Interested Parties, as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plat at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Ada Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

A check payable to the Office of Conservation and covering the application fee is enclosed.

Yours very truly,



David L. Smelley

Attorney for Nelson Energy, Inc.

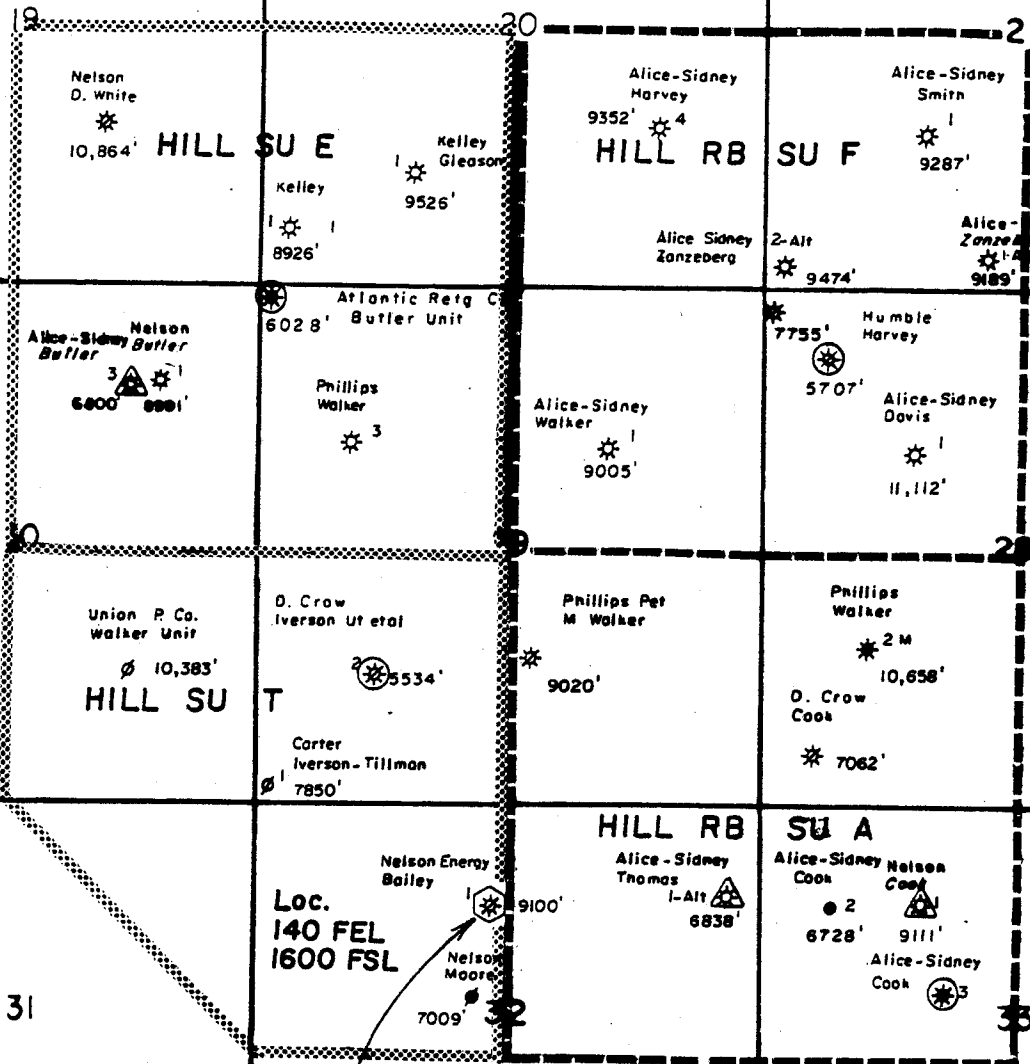
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DLS:dp
Enclosures

cc: Mr. Jim Broussard (w/encls.)
Mr. Danny Moreland (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plat only)

18 N
8 W

ADA FIELD



PROPOSED SUBSTITUTE
UNIT WELL AT
EXCEPTIONAL LOCATION

**nelson
energy**

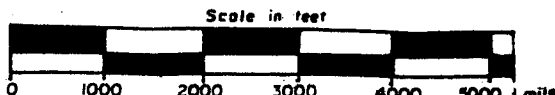
EXHIBIT NO. 1
DOCKET NO. _____
ORDER NO. _____

- Existing Hill Sand Units
- Hill RB Sand Units
- Unit Wells
- Alternate Unit Wells
- Proposed Substitute Unit Well

* Only wells that penetrated the Hill
within the outlined units are shown.

HILL SAND UNITS ADA FIELD WEBSTER PARISH, LA.

Geologist
D. Moreland



Date: _____